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American Iron and Steel Association

The question of tariff revision

Philadelphia

1893

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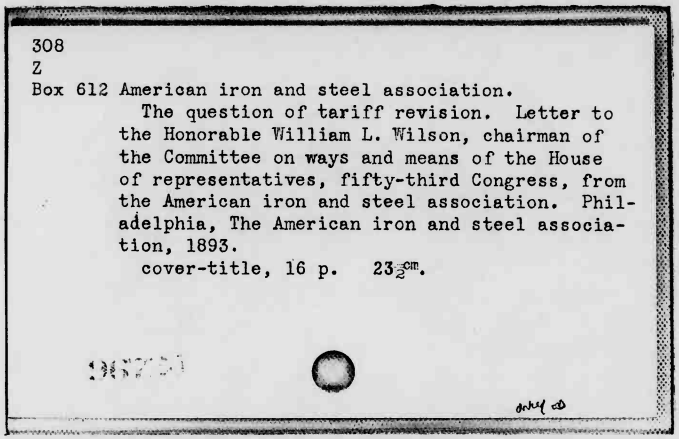

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THE QUESTION OF TARIFF REVISION.

LETTER

TO THE

HONORABLE WILLIAM L. WILSON,

CHAIRMAN OF THE COMMITTEE ON WAYS AND MEANS OF THE HOUSE OF REPRESENTATIVES, FIFTY-THIRD CONGRESS,

FROM THE

AMERICAN IRON AND STEEL ASSOCIATION.

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Box 512

PHILADELPHIA:
THE AMERICAN IRON AND STEEL ASSOCIATION,
No. 261 South Fourth Street.
1893.

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LETTER TO THE HON. WILLIAM L. WILSON FROM THE AMERICAN IRON AND STEEL ASSOCIATION.

OFFICE OF THE AMERICAN IRON AND STEEL ASSOCIATION,
No. 261 SOUTH FOURTH STREET, PHILADELPHIA, AUGUST 25, 1893.

HON. WILLIAM L. WILSON, *Chairman of the Committee on Ways and Means, House of Representatives, Washington, D. C.*

SIR: We address you in behalf of the American Iron and Steel Association and the vast interests it represents, particularly the domestic manufacture of pig iron, Bessemer, open-hearth, and crucible steel, and all forms of finished iron and steel. We represent industries of national importance which have had an existence in our country from colonial times. The national character of these industries at the present time is shown in their distribution throughout many States. They are in no sense local industries, and they are no longer infant industries.

Twenty-three States made pig iron in 1892; 29 rolled either iron or steel or both iron and steel; 11 made Bessemer steel; 12 made open-hearth steel, and the same number made crucible steel; 11 rolled rails for railroads, nearly all of which were Bessemer steel rails; 13 rolled beams, girders, angles, and other structural shapes which are used in bridgebuilding, shipbuilding, the construction of public and private buildings, and for other purposes; 16 rolled plates and sheets; 8 produced tinplates and terne plates; 8 rolled wire rods; 11 made cut nails; and 13 made wire nails.

THE PURPOSE OF THIS LETTER.

Our object in addressing you is to respectfully add our protest to that of others against the adoption of a policy which would call for a general reduction in the existing tariff on imported commodities. We are especially interested, of course, in the retention of the present duties on iron and steel, but American manufacturers of iron and steel seek the promotion of other tariff interests than their own.

In assigning reasons why in our opinion there should be no general reduction of duties on imports we shall endeavor not to weary you with needless statistical or other details, and we shall carefully refrain from unnecessary discussion of economic theories in which you might or might not agree with us. We realize that the occasion demands from us above all else a frank statement of facts, and that any elaborate discussion of theories on our part would now be entirely out of place. The legislative condition which confronts all the industries of the country is, indeed, one which does not invite the discussion of tariff theories. The people of this country already understand perfectly well what is meant by the terms Protection to Home Industry, Revenue Tariff, and Free Trade. We turn to the undesirable prospect of tariff revision that is presented to us in the hope that, if the duties levied on foreign products entering our markets are to be revised, those who will have the responsibility of revising these duties will also consider only authenticated facts, the results of our experience with duties framed only for revenue and with duties framed to secure both revenue and protection from foreign competition.

A GENERAL REDUCTION OF DUTIES NOT DEMANDED.

We approach more closely the question of tariff revision with the firm conviction that a general reduction of duties has not been asked for by the American people. The issues of the late Presidential campaign were so many and so various that it would not be possible to indicate any particular issue as constituting by itself a controlling influence in that campaign. The present tariff was undoubtedly a dominant issue in some States, but it was a subordinate issue in others; in many States the so-called Force bill was a more prominent issue than the tariff question; in other States the silver question was more prominent; the Republican pension policy was not everywhere popular; in Illinois, Wisconsin, and Minnesota a local school question excited the greatest interest among the voters; in many States the Homestead outbreak at the beginning of the campaign diverted attention from the discussion of more lasting issues; and in all the States there was observable throughout the campaign

a spirit of discontent with existing social conditions, often finding expression in the utterance of communistic sentiments, which constituted from first to last a political factor of constantly growing proportions. So far from the question of tariff revision being the leading issue of the late campaign it was, indeed, a matter of every-day comment during the continuance of the campaign that this issue was then less earnestly and generally discussed than in the preceding Presidential campaigns of 1880, 1884, and 1888.

THE REDUCTION ADVOCATED BY MR. CLEVELAND.

It will be earnestly contended, however, that the result of the late Presidential election must be accepted as a verdict in favor of a general revision of the tariff because the successful party is committed to that policy in the person of its candidate for the Presidency, who has championed the doctrine of tariff reduction ever since his celebrated message of December 6, 1887, was transmitted to Congress. But Mr. Cleveland has at no time advocated a sweeping reduction of duties. His public declarations on the question of tariff revision bear no such interpretation. We invite attention to some of the more significant of these declarations.

In his message of December 6, 1887, Mr. Cleveland expressed the opinion that "in a readjustment of our tariff the interests of American labor engaged in manufacture should be carefully considered, as well as the preservation of our manufacturers." And in the very next sentence he emphasized as follows the opinion already expressed: "It may be called Protection, or by any other name, but relief from the hardships and dangers of our present tariff laws should be devised with especial precaution against imperiling the existence of our manufacturing interests."

On July 20, 1892, after his last nomination for the Presidency, Mr. Cleveland delivered an address in Madison Square Garden, New York, in which he said: "Ours is not a destructive party. We are not at enmity with the rights of any of our citizens. All are our countrymen. We are not recklessly heedless of any American interests, nor will we abandon our regard for them."

In his letter of acceptance, dated at Gray Gables, Sep-

tember 26, 1892, Mr. Cleveland said: "Tariff reform is still our purpose. We wage no exterminating war against any American interests. We believe a readjustment can be accomplished in accordance with the principles we profess without disaster or demolition. We contemplate a fair and careful distribution of necessary tariff burdens rather than the precipitation of Free Trade. We will rely upon the intelligence of our fellow-countrymen to reject the charge that a party comprising a majority of our people is planning the destruction or injury of American interests."

We ask attention to these declarations by Mr. Cleveland. They show that the tariff platform of his own construction, upon which he stood in 1892 and previously, did not propose a sweeping reduction of duties or any approach whatever to Free Trade. He expressed a proper solicitude for the welfare of our industrial interests. Upon this platform, so far as the tariff was an issue in 1892, he was elected, and upon no other platform. The people placed confidence in Mr. Cleveland's professions of hostility to tariff revision of a destructive character. If he had specifically indorsed the declarations of those members of his own party whose convictions lean toward Free Trade he would not have been supported as he was and might not have been elected. He certainly stood last year as the representative of a policy of moderate tariff reduction as contradistinguished from a policy that would create a revolution in our industrial system.

MR. CLEVELAND'S MESSAGE OF DECEMBER 6, 1887.

In further examination of this subject it is proper to inquire into the reasons which led Mr. Cleveland originally to advocate a revision of the tariff that should result in a reduction of duties. If it shall be found that these reasons do not now exist it would seem that the demand for a revision of the tariff and a reduction of duties, so far as President Cleveland is concerned, and so far as it has found expression in his election, must find justification wholly in present conditions.

In his message of December 6, 1887, Mr. Cleveland addressed Congress as follows in relation to a redundant revenue and the necessity of reducing taxation. He said:

> You are confronted at the threshold of your legislative duties with a condition of the national finances which imperatively demands immediate and careful consideration. The amount of money annually exacted through the operation of present laws from the industries and necessities of the people largely exceeds the sum necessary to meet the expenses of the Government.
>
> The Public Treasury, which should only exist as a conduit conveying the people's tribute to its legitimate objects of expenditure, becomes a hoarding place for money needlessly withdrawn from trade and the people's use, thus crippling our national energies, suspending our country's development, preventing investment in productive enterprise, threatening financial disturbance, and inviting schemes of public plunder.
>
> Our scheme of taxation, by means of which this needless surplus is taken from the people and put into the Public Treasury, consists of a tariff or duty levied upon importations from abroad and internal revenue taxes levied upon the consumption of tobacco and spirituous and malt liquors. It must be conceded that none of the things subjected to internal revenue taxation are, strictly speaking, necessaries; there appears to be no just complaint of this taxation by the consumers of these articles; and there seems to be nothing so well able to bear the burden without hardship to any portion of the people.
>
> But our present tariff laws, the vicious, inequitable, and illogical source of unnecessary taxation, ought to be at once revised and amended. These laws, as their primary and plain effect, raise the price to consumers of all articles imported and subject to duty by precisely the sum paid for such duties. Thus the amount of the duty measures the tax paid by those who purchase for use these imported articles. Those who buy imports pay the duty charged thereon into the Public Treasury, but the great majority of our citizens, who buy domestic articles of the same class, pay a sum at least approximately equal to this duty to the home manufacturer.
>
> The considerations which have been presented touching our tariff laws are intended only to enforce an earnest recommendation that the surplus revenues of the Government be prevented by the reduction of our customs duties, and at the same time to emphasize a suggestion that in accomplishing this purpose we may discharge a double duty to our people by granting to them a measure of relief from tariff taxation in quarters where it is most needed and from sources where it can be most fairly and justly accorded.
>
> Our progress toward a wise conclusion will not be improved by dwelling upon the theories of Protection and Free Trade. This savors too much of bandying epithets. It is a condition which confronts us—not a theory. Relief from this condition may involve a slight reduction of the advantages which we award our home productions, but the entire withdrawal of such advantages should not be contemplated.

In accordance with the President's suggestions the Mills bill was prepared and presented to Congress. It provided for a general but not for a radical reduction of duties. It

passed the House but failed to pass the Senate. The President's message and the Mills bill together constituted the leading issue in the Presidential campaign of 1888. If the message and the tariff bill which embodied its recommendations had been more radical than they were the verdict against them would have been more pronounced than it was.

MR. CLEVELAND'S ORIGINAL REASONS FOR TARIFF REVISION.

It will be observed that in his message Mr. Cleveland assigned but two reasons why in his opinion the tariff should be revised and reduced. The first of these reasons related to the accumulation in the Treasury of a surplus revenue, which was largely drawn from the channels of domestic trade and industry and was therefore a burden upon the country's prosperity. The second reason was based upon the assumption that the duties imposed on foreign products entering our markets are added to the prices which our people would otherwise pay for them, and that "approximately" the equivalent of these duties is added to the prices of competing domestic products.

THE FIRST OF THESE REASONS HAS CEASED TO EXIST.

The first of these reasons has ceased to have even the shadow of an existence. The surplus revenue has entirely disappeared. The money of the people is no longer withdrawn from the channels of trade and commerce and hoarded in the Treasury. So far from this being the case the Government's reserve fund of $100,000,000 in gold has been trenched upon to preserve the national credit. The causes of the disappearance of the surplus need not be fully inquired into, but attention should be called to the fact that one of these causes, and a principal cause, is to be found in the provisions of the tariff act of October 1, 1890, now in force, which largely increased the free list and largely decreased the rates on dutiable articles, with the result that the revenues of the Government from customs duties have since been greatly reduced. The tariff act of 1890 is entitled "an act to reduce the revenue and equalize duties on imports." It has accomplished both these purposes.

In the fiscal year 1890, preceding the enactment of the

present tariff, the total receipts from customs duties amounted to $226,540,037, and in the fiscal year 1892, the first full fiscal year succeeding the passage of that act, the total receipts were $174,124,270. Here is a loss of over $52,000,000 of revenue caused by the new tariff, although the value of our imports of free and dutiable commodities had greatly increased from 1890 to 1892. The revenue from sugar and molasses alone was over $55,000,000 less in the fiscal year 1892 than in the fiscal year 1890. The receipts from these two sources in the fiscal year 1890 amounted to $55,150,818, and in the fiscal year 1892 they amounted to only $76,795. The reduction in the receipts of the Treasury from 1890 to 1892, and consequently in the Treasury surplus, which reduction has since been continued, has been effected by the adoption of precisely the means recommended by Mr. Cleveland, namely, a reduction of the duties on imports, but not upon all classes of imports which he had indicated.

Not only, therefore, has the Treasury surplus, which gave Mr. Cleveland so much anxiety, been reduced, but it has been reduced, as he desired, by a revision of the tariff. The argument for this revision which was based upon the surplus of 1887 has disappeared with the surplus itself.

THE SECOND REASON BASED UPON A MISAPPREHENSION.

Mr. Cleveland's second reason for desiring in 1887 a reduction of duties, namely, the relief of the people from the enhanced prices of imported and competing domestic products caused by the duties on the imported products, rests upon no more substantial basis than his first reason now does. Whether or not the prices of imported and domestic products in this country have ever been materially enhanced by tariff duties beyond the prices either would have commanded if these duties had never been imposed is a question of fact which is readily answered by a study of market quotations. If cotton and woolen goods, silks and chemicals, pottery and glassware, iron and steel, and other manufactured articles were higher in price in this country in 1887 than they were before Protective duties had stimulated their home production then Mr. Cleveland's argu-

ment in his message of that year is sustained. But the facts are overwhelmingly against this theory. The prices of all manufactured goods were much lower in this country in 1887 than they were before the adoption of our Protective policy in 1861. Of the correctness of this statement there is abundant proof in the report recently made by Senator Aldrich, from the Committee on Finance of the United States Senate, on wages and prices for fifty-two years.

LABOR THE FIRST BENEFICIARY OF TARIFF DUTIES.

But it may be answered that Mr. Cleveland was not dealing in 1887 with past conditions but with the conditions after our industries had been built up, his argument being that prices of imported and competing domestic products were then unjustly enhanced by tariff duties, these duties measuring in large part an undue profit by domestic manufacturers. Mr. Cleveland might have substituted for this argument the fact that the cost of manufactured products in this country in 1887 and in previous years was largely increased above the cost in other countries by the higher wages paid to the labor engaged in the various operations of providing and transporting raw materials and converting them into finished products. The first effect of Protective duties on manufactured products is to enable domestic manufacturers to meet this increased cost. If prices of domestic manufactured products in 1887 reflected this increased cost, and only this increased cost, it was the labor of the country and not capital that was primarily benefited. If capital was also benefited it was thereby encouraged to make new investments which would provide additional employment for American workingmen. Capital everywhere, in Europe as well as in America, must have some reasonable expectation of being rewarded for the risks it takes or it will not take any risks. But it is often not rewarded. Where one manufacturer succeeds many fail. Nor are the largest fortunes often acquired in manufacturing enterprises, either in this country or in any other country. In our own country most of the large fortunes have been acquired in banking, gold and silver mining, railroad building and management, shipbuilding and shipowning, merchandising, trading with

foreign countries, stock speculations, real estate operations, insurance, the control of patents, beef and pork packing, and in the prosecution of various monopolies, such as oil-refining, sleeping-car privileges, express-carrying, and telegraphing, none of which pursuits have enjoyed the "advantages" of "tariff taxation."

DOMESTIC PRICES FIXED BY COMPETITION AND NOT BY DUTIES.

Mr. Cleveland was, however, in error in assuming that the duties which were imposed in 1887 on foreign products measured "approximately" an enhancement in the prices of competing domestic products. So far from the duties on imported articles of foreign manufacture being included "approximately" in 1887 in the prices of competing articles of domestic manufacture the market quotations for that year will show that home competition was the only factor that determined the prices of domestic manufactures. The home market being assured to our manufacturers by our Protective policy prices were fixed in 1887 and in immediately preceding years by home competition and not by duties, the tendency being steadily toward lower prices. If duties on foreign products had been ten times as high as they were the prices at which home products were sold would not have been altered, but would still have been fixed by home competition. It should be remembered that goods of domestic and not of foreign origin constitute by far the chief part of our consumption of manufactured products. Of imported manufactured articles it may be said that many of them are luxuries and therefore form proper subjects of taxation.

In the iron trade a single example will illustrate the course of iron and steel prices in 1887 at home and abroad. In December of that year, when Mr. Cleveland's message was sent to Congress, the price of steel rails in England was £4 5s., or $20.68. The freight on steel rails to New York at that time was 10s., or $2.43, making the cost at New York, without counting insurance and commissions, $23.11, or, in round numbers, $23. The duty was $17, making the total cost to deliver English rails at New York $40. But as good American rails were then sold for $32; so that the duty was not "approximately" added to the English price.

Continuing the illustration of steel rails it may be added that prices steadily rose in England in 1889, until in December of that year English rails were sold at £7, or $34. This price was continued for a time in 1890, after which it fell below £5 at the close of that year. In December, 1889, the price of steel rails at the mills in Pennsylvania was $35, or only one dollar higher than in England. This dollar would not have paid the freight on a ton of English rails to this country; so that not one cent of the duty of $17 was added to the American price.

In further illustration of the fact that prices of domestic products are fixed by home competition and not by tariff duties we submit below a table which gives the average prices charged in this country for leading articles of iron and steel in January of each of the six years which have elapsed since the message of 1887 was written.

Articles—First six in tons; remainder in 100 pounds.	1888.	1889.	1890.	1891.	1892.	1893.
Old iron T rails, at Philadelphia.....	$21.75	$23.50	$27.50	$23.50	$21.00	$18.00
No. 1 foundry pig iron, at Philada....	21.00	18.00	19.90	17.50	17.50	14.80
Gray forge pig iron, at Philadelphia..	16.75	15.50	17.90	14.50	14.25	13.10
Gray forge pig iron, at Pittsburgh.....	17.00	15.50	18.00	14.25	13.50	12.30
Bessemer pig iron, at Pittsburgh.....	18.10	16.75	23.60	15.95	15.65	13.60
Steel rails, at mills in Pennsylvania..	31.50	27.50	35.25	29.00	30.00	29.00
Steel beams, at mills in Pennsylvania	3.30	2.80	3.10	3.10	2.00	2.00
Best refined bar iron, at Philadelphia	2.20	2.00	2.20	2.00	1.85	1.80
All muck bar iron, at Pittsburgh.....	1.85	1.75	1.90	1.80	1.70	1.60
Cut nails, at Wheeling, by car-load...	1.90	1.90	2.40	1.65	1.55	1.43
Cut nails, at Philadelphia, from store	2.00	1.90	2.20	1.90	1.75	1.75

It will be noticed that all the articles named above have greatly declined in price under our present tariff policy.

Steel wire nails, which have largely taken the place of cut nails, are now sold at prices much lower than the duties.

THE TARIFF HAS ALREADY BEEN REVISED AND REDUCED.

But, dismissing as not proven the proposition that duties on imported products are "approximately" added to the cost of competing domestic products, Mr. Cleveland's second reason for desiring a revision of the tariff disappears, in company with the reason relating to the surplus,

in the presence of the fact, to which reference has heretofore been made, that the tariff has already been revised and reduced since the message of 1887 was written. The tariff act of October 1, 1890, embodies a thorough revision of the duties in force in 1887 and reduces many of these duties. If duties in this act have here and there been increased to aid struggling industries many reductions have been made where Protective duties have largely accomplished their purpose of building up other industries. Speaking more particularly of the metal schedule it can be said that many of the old duties were not changed in the new tariff; that the duties on many articles, probably a majority of the whole, were reduced; and that the duties on only a few articles were increased.

Among the articles of large consumption upon which duties were reduced in the act of 1890 are steel rails, upon the standard sizes of which the duty was reduced from $17 to $13.44 per ton, and iron and steel structural shapes, upon all of which the duty was reduced from $28 to $20.16 per ton. These were very large reductions. Of the few articles of iron and steel upon which duties were increased tinplates and cotton-ties furnish the most conspicuous examples. Of the former it may be said that the old revenue duty of one cent per pound had utterly failed to establish even one tinplate works in this country, while the new duty has already led to the establishment of over forty such works. Cotton-ties furnish almost as striking an example of the failure of revenue duties to develop domestic industries. The old revenue duty of 35 per cent. had been so largely evaded by undervaluations that it did not cover the difference in the cost of production at home and abroad, with the result that our home cotton-tie mills were idle while orders for cotton-ties were sent abroad to keep foreign mills running. The new duty on cotton-ties has encouraged their production at home, and at a cost to consumers greatly below that at which they had previously been imported.

The tariff act of 1890 has caused a large increase in our imports of commodities free of all duties. Under its operations the annual value of our importations free of duty now forms more than *fifty-five per cent.* of our total importations.

MR. CLEVELAND'S NEW REASON FOR TARIFF REVISION.

If the reasons assigned by Mr. Cleveland in 1887 for a revision and reduction of the tariff are found to be either invalid or inapplicable to the present situation then a revision at the present time must be justified, if justified at all, by some other reasons which have since been developed. A careful examination of Mr. Cleveland's published declarations during the Presidential campaign of 1892 and of his inaugural address on the 4th day of March last shows that his dominant reason for now desiring a revision and reduction of the tariff is that the principle of "paternalism," to use his own phrase, may be entirely eliminated from our tariff legislation. He would divorce the Government from all interest in the employment of the people. In his inaugural address he used the following language.

> The verdict of our voters which condemned the injustice of maintaining Protection for Protection's sake enjoins upon the people's servants the duty of exposing and destroying the brood of kindred evils which are the unwholesome progeny of paternalism.
>
> This is the bane of republican institutions and the constant peril of our Government by the people. It degrades to the purpose of wily craft the plan of rule our fathers established and bequeathed to us as an object of our love and veneration. It perverts the patriotic sentiment of our countrymen, and tempts them to a pitiful calculation of the sordid gain to be derived from their Government's maintenance. It undermines the self-reliance of our people, and substitutes in its place dependence upon Governmental favoritism. It stifles the spirit of true Americanism and stupefies every ennobling trait of American citizenship.
>
> The lessons of paternalism ought to be unlearned and the better lesson taught that, while the people should patriotically and cheerfully support their Government, its functions do not include the support of the people. The acceptance of this principle leads to a refusal of bounties and subsidies, which burden the labor and thrift of a portion of our citizens to aid ill-advised or languishing enterprises in which they have no concern.
>
> While there should be no surrender of principle our task must be undertaken wisely and without vindictiveness. Our mission is not punishment but the rectification of wrongs. If, in lifting burdens from the daily life of our people, we reduce inordinate and unequal advantages too long enjoyed, this is but a necessary incident of our return to right and justice.

These declarations in the inaugural address unhappily correspond with previous utterances in their imputation of unworthy motives to those employers of American labor

who are aided by tariff legislation in securing at least partial control of the home market. The workingmen are told almost in so many words that they are wronged by these employers. And yet Mr. Cleveland should know that these very employers, whom he treats as foreign enemies but who are his fellow citizens, and many of whom are comparatively poor men, have risked their all in giving employment to many thousands who, but for the enterprise of these employers, could not help themselves to one day's supply of food or protect themselves from summer's heat or winter's cold.

FUNCTIONS OF THE GENERAL GOVERNMENT.

It is amazing that President Cleveland should assume, or appear to assume, that the Government of this country has only police duties to perform, and that it should not concern itself with the employment of the people; in other words, that its functions are to keep the peace at home and resist foreign aggression except when it comes in the form of industrial warfare. If foreign ironclads should bombard our cities or levy tribute upon them then these ironclads are to be resisted, but if foreign manufacturers, aided by the diplomacy of their governments, should assail our markets and thus aim to deprive our people of employment then no resistance is to be offered. Does not Mr. Cleveland see that in his anxiety to suppress "paternalism" he is simply using the highest office in the gift of the people of the United States as a lever to help our industrial enemies across the Atlantic to overturn the now completed fabric of American industrial independence which was the dream of our fathers? Does he not realize that a foreign war, with contending armies on American soil and contending ironclads on the ocean, could not inflict such lasting injury upon the prosperity of our people as would even the partial surrender of our markets to foreign manufacturers?

In his reference to "paternalism" in the inaugural address Mr. Cleveland reflects upon the honor of his countrymen in a way which our history does not justify. If he could be induced to study the industrial achievements of the American people he would realize that we have made wonderful strides in a hundred years, and that we have

done this without any other dependence upon our Government than is contemplated in the Constitution of the United States as it was interpreted by those who framed it.

The preamble to the Constitution expressly sanctions the "paternalism" to which Mr. Cleveland now objects. It reads as follows: "We, the people of the United States, in order to form a more perfect union, establish justice, insure domestic tranquillity, provide for the common defense, *promote the general welfare*, and secure the blessings of liberty to ourselves and our posterity, do ordain and establish this Constitution for the United States of America." The first tariff act framed under this Constitution, which became a law on July 4, 1789, and was approved by President Washington, stated in its preamble that it was enacted "for the support of the Government, for the discharge of the debts of the United States, *and the encouragement and protection of manufactures.*" The Constitution provides for the promotion of "the general welfare," and the patriotic men who had helped to shape this marvelous instrument, and who knew the meaning of the phrase just quoted, did not think that they were guilty of an exhibition of "wily craft," or of a perversion of "patriotic sentiment," or of stifling "the spirit of true Americanism" when they passed a tariff act which would encourage and protect American manufactures.

It was Abraham Lincoln who wrote of "government of the people, by the people, *for the people*," and he, too, as well as the Revolutionary fathers, may be presumed to have known for what purpose our Government was established.

THE POLICY OF "PATERNALISM" JUSTIFIED BY RESULTS.

Mr. Cleveland has had much to say of the burdens imposed upon the workingmen of this country by "tariff taxation." Many pages might be filled with testimony from the highest sources showing the beneficial results to workingmen of our present Protective tariff policy. The testimony of two witnesses is all that it is necessary for us to quote.

In *The Forum* for May, 1892, Mr. Edward Atkinson, of Boston, the well-known political economist, in discussing the subject of immigration, made the following statements, in part with the emphasis of italic letters.

The period that has elapsed since the end of the civil war is one of the most remarkable in economic history. In spite of the disadvantage in which this country has been placed by the excessive taxes or duties upon materials of foreign origin which are necessary in the processes of our domestic industry; in spite of the relatively high cost of the mills and works due to the difference in the cost of materials as compared with our competitors; such has been the magnitude of the demand that there has been during the twenty-seven years since 1865, subject to temporary variations and fluctuations, a steady advance in the rates of wages, a steady reduction in the cost of labor per unit of product, and a corresponding reduction in the price of goods of almost every kind to the consumer.

There has never been a period in the history of this or any other country when the general rate of wages was as high as it is now, or the prices of goods relatively to the wages as low as they are to-day, nor a period when the workman, in the strict sense of the word, has so fully secured to his own use and enjoyment such a steadily and progressively increasing proportion of a constantly increasing product.

In the *Home Market Bulletin*, of Boston, for June, 1893, there were republished several letters written in this country during the present year by Mr. Lascelles Carr, the editor of the *Western Mail*, of Cardiff, Wales, and published in that paper, which paper the editor of the *Home Market Bulletin* says "compares favorably with any of our Boston papers." We take the following extracts from Mr. Carr's letters.

The more I see of this wonderful country and the further my inquiries reach the more satisfied I am that it is the paradise of the workingman, and especially of the working woman. Wages are high and the cost of living comparatively low. The margin between the amount of money necessary for a bare subsistence and the ordinary wage rate is larger than anywhere else in the world. If a workingman and his wife and family were content here to live as they live in England they could save money very rapidly. But they are not so content. Except in the matter of house accommodation their circumstances are in every respect better than are those of their English brethren; they eat better and more varied food; they dress better.

I am, as you know, a convinced Free Trader. And yet throughout the length and breadth of this vast continent one is almost daily brought face to face with solid, indisputable facts that seem to give the lie to the soundest and most universally accepted axioms of political economy.

Let me give you just one example. Under the shadow of a stringent Protective tariff the manufacture of paper was commenced in the United States. Paper is still subject to a heavy import duty. According to our theories that ought to enhance its price to the consumer in this country. As a matter of fact the New York newspaper proprietors buy their "news" at a less price than that at which it could be supplied to them in London, and some of the paper mills in New Jersey are actually ex-

porting paper to the old country. Unless it can be shown that this paper industry would have grown up without the aid of a Protective tariff it is futile—nay it is an impertinence—for an outsider to say that the Americans have acted unwisely in taxing themselves for a few years in order to establish in their midst a great industry, giving occupation to a great quantity of highly-paid labor. And it seems to me that this set of facts and the arguments based on it apply to many of the other industries which are assuming such colossal proportions throughout the length and breadth of the land.

An acute observer at home and an intelligent traveler from abroad agree in their testimony, and together they completely dispose of the theory that "the tariff is a tax."

ONE REASON WHY THE TARIFF SHOULD NOT BE REVISED.

If there is no surplus in the Treasury to be reduced; if prices of domestic products are fixed by home competition and not by tariff duties; if they are now lower as a rule than they have ever been in our history; if a day's wages of an American workingman will purchase more of the necessaries of life under our present tariff than ever before; if the "paternalism" that cares for the general welfare is sanctioned by the Constitution and by the exact terms of our first tariff act, what reason, or show of reason, remains for a revision of the tariff at this time? We know of none. But we do know, and the country knows, of one overshadowing reason why it should not be revised.

This country is now passing through a financial and industrial crisis of the utmost severity, the end of which no man can foresee. We need not inquire into all the causes of this crisis, remote or immediate, but it is painful to be compelled to state that one of these causes is the apprehension of still greater commercial disaster and stagnation which would follow a revision of the tariff by the present Congress. Shall this apprehension be justified and intensified by persistence in a policy of tariff revision which rests for support solely upon the discredited theory that "the tariff is a tax," and which would encourage the importation of manufactured commodities that can be produced at home?

We are, Sir, Very Respectfully, Your Obedient Servants,

B. F. JONES, *President.*

JAMES M. SWANK, *General Manager.*

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